



April 11, 2025

Governor Moore,

We, the undersigned, are national consumer protection organizations¹² that have been involved in supporting strong state consumer protections, including in Maryland, for decades. We are writing today to ask that you **veto HB1294 Credit Regulation - Earned Wage Access and Credit Modernization**. The bill creates a broad loophole in Maryland's 33% interest rate limit, opening Maryland up to debt trap payday advance loans that can exceed 300% annual percentage rate (APR), and allowing evasions that were rejected last year by the Consumer Financial Protection Bureau (CFPB). Gutting strong state consumer protection laws is especially troubling at a time when our federal protections are being decimated.

In the last few months, the Center for Responsible Lending and National Consumer Law Center, along with many other groups, have been at the front lines of the campaign to save the Consumer Financial Protection Bureau, the country's most important financial watchdog, and to prevent new forms of payday loans from taking root across the country. The CFPB, created after the devastating 2008 financial crisis, has worked to protect consumers and responsible industry players alike. The Bureau has worked to support a healthy, sustainable housing market, improve credit reports, crack down on junk fees, reduce the burdens of medical and student debt, fight lending discrimination, and promote safe banking practices and banking competition.

Among other work, last year the CFPB highlighted concerns about heavy repeat use and high APRs on payday advance apps and proposed an interpretive rule that clarifies that expedite fees and certain so-called "tips" are finance charges, which then makes them part of the APR for a loan.³

Since taking office on January 20th, the Trump administration has had the CFPB in its crosshairs, firing lawyers, decimating their resources, and stopping enforcement actions against financial predators. In

¹ Center for Responsible Lending works to ensure a fair, inclusive financial marketplace that creates opportunities for all families and individuals, regardless of their income, because too many hard-working people are deceived by dishonest and harmful practices.

² The National Consumer Law Center (NCLC) uses the tools of advocacy, education, and litigation to fight for economic justice for low-income and other vulnerable people who have been abused, deceived, discriminated against, or left behind in our economy.

³ CFPB, Press Release, [CFPB Proposes Interpretive Rule to Ensure Workers Know the Costs and Fees of Paycheck Advance Products](#) (July 18, 2024).

this environment, it is more important than ever that states like Maryland stand firm to protect the pockets of its citizens.

Opening Maryland's historic 33% usury cap to Earned Wage Advance providers removes the last and best defense against predatory lending in the state. By signing HB 1294 into law, Maryland would be the first pro-consumer state to cede this important protection to the EWA industry. Maryland would be joining a group currently composed only of deeply conservative states and those that permit abusive payday loans.

Payday advance apps in Maryland already trap borrowers in debt. Data from CRL's collaboration with SaverLife, a savings app and research firm, shows that overdrafts increased for 73% of Maryland payday advance app users who struggled with overdrafts, with the average number of overdrafts more than doubling. The data also show that one-in-four Maryland borrowers take out at least 25 of these loans per year.⁴ And, just as with traditional payday lending, the heaviest borrowers drive the business. Maryland borrowers with at least six advances in one month account for about 80% of all advances.⁵

Further, Maryland borrowers take money from more than one payday advance app at a time. In the Saverlife data, CRL found that a quarter of Maryland workers who use this product use three or more apps at a time, and nearly 50% use at least two apps at a time.

This type of repeat re-borrowing and stacking is typical of payday loan-style lending. While amendments were drafted to address these issues, they were never heard in committee or on the floor.

HB 1294 represents a serious retreat from the type of consumer protection that has defined Maryland consumer law for a century. In an era when the financial livelihoods of the most vulnerable consumers are being attacked at the federal level, states like Maryland must stand in the way of eroding consumer protections. **We respectfully ask that you veto HB 1294 and return Maryland to state that stands up for working Marylanders against companies who want to profit off their financial distress.**

Thank you for your time and attention to this matter,

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⁴ Maryland Fact Sheet, updated Oct. 2024: [ewa-states-md-oct2024.pdf](#)

⁵ Id.